

TXU COMMUNICATIONS TELEPHONE COMPANY
REVISIONS TO TARIFF F.C.C. NO. 1
TRANSMITTAL NO. 17

DESCRIPTION AND JUSTIFICATION

1. INTRODUCTION

TXU Communications Telephone Company (TXU) wishes to carry forward the conditional nonrecurring charge waiver associated with the initiation of its ADSL SpeedLink Service for an additional quarter. Several minor text changes are being made to correct paragraph numbering conflicts.

2. BACKGROUND

In TXU Communications Telephone Company FCC No. 1 Transmittal 10, filed October 10, 2002, TXU Communications filed revisions to establish as a promotional offering an ADSL Access Line nonrecurring charge waiver for customers committing to retain the service for twelve months. The promotional offering was effective from November 1, 2002 through January 29, 2003. The regulations respecting the expired promotional offering will remain in the tariff through January 29, 2004, as they will govern any early terminations of customers subject to twelve-month term commitments under the November 1, 2002 through January 29, 2003 promotional offering.

In TXU Communications Telephone Company FCC No. 1 Transmittal 15, filed May 1, 2003, TXU Communications filed revisions to reinstate a promotional offering of an ADSL Access Line nonrecurring charge waiver for customers committing to retain the service for twelve months. The promotional offering was effective from May 1, 2003 through July 31, 2003. The regulations respecting the expired promotional offering will remain in the tariff through July 31, 2004, as they will govern any early terminations of customers subject to twelve-month term commitments under the May 1, 2002 through July 31, 2003 promotional offering.

TXU continues to find that many potential new customers for DSL services are deterred from ordering them when initial service order and installation charges are imposed. Because DSL is still a relatively new technology, many first-time users are more likely to try the service if the start-up costs are low. Extending the waiver and associated build-up of the ADSL subscription base will facilitate recovery of ADSL-related costs included in TXU's special access revenue requirement. At this time, TXU does not foresee extending the promotional offering beyond October 31, 2003, as the company believes that the favorable impact on subscription rates due to the promotional offering will dissipate by that time. Moreover, at this time, TXU believes that once the projected sustainable level (saturation level) of ADSL customers is reached that it will then be beneficial to recover installation charges from new ADSL subscribers to avoid increasing monthly recurring charges as the level of monthly revenues generated by the sustainable level of ADSL demand will flatten out.

Since much of the investment associated with DSL is fixed, the stimulation of demand will also help improve overall investment utilization and reduce unit costs associated with DSL service.

3. DESCRIPTION

This filing proposes to reinstate for 87 days the promotional offering of waiving the nonrecurring charge that applies to new installations of TXU's ADSL SpeedLink Service when the customer commits to maintain the service for a minimum 12-month period after installation. The waived nonrecurring charges will be recouped if, within the 12-month commitment period, the customer terminates ADSL SpeedLink Service for any reason. The waiver provision will apply only to the initial, nonrecurring service order charge and installation charge for the ADSL SpeedLink Service, and will not apply to any other tariffed service components.

The tariff provision allowing for the waiver will only apply during the period from August 6, 2003 through October 31, 2003. However, the terms and conditions defining the customer's obligations will remain effective until all customer commitments are satisfied.

Minor text changes were also made to the ADSL tariff sheets to correct for paragraph numbering conflicts.

4. COST AND REVENUE IMPACTS

The revenue foregone by waiving the installation charge will have a negligible impact on TXU's overall special access revenue requirement. The increased demand due to the waiver stimulation is expected to reduce per-customer costs of DSL access and improve overall network efficiency. By imposing a one-year minimum commitment, TXU believes that it will reduce the risk associated with investments in DSL technology, and increase its assurance that DSL revenue targets will be met or exceeded.